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To: Finance

SENATE BILL NO. 3171

1 AN ACT TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION
2 BONDS IN THE AMOUNT OF \$5,000,000.00 TO PROVIDE FUNDS FOR THE
3 SMALL MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND; TO
4 AMEND SECTION 57-1-18, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A
5 PORTION OF THE PROCEEDS OF CERTAIN BONDS MAY BE UTILIZED BY THE
6 MISSISSIPPI DEVELOPMENT AUTHORITY TO REIMBURSE CERTAIN COSTS
7 RELATED TO THE ADMINISTRATION OF THE FUND; AND FOR RELATED
8 PURPOSES.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

10 **SECTION 1.** (1) As used in this section, the following words
11 shall have the meanings ascribed herein unless the context clearly
12 requires otherwise:

13 (a) "Accreted value" of any bonds means, as of any date
14 of computation, an amount equal to the sum of (i) the stated
15 initial value of such bond, plus (ii) the interest accrued thereon
16 from the issue date to the date of computation at the rate,
17 compounded semiannually, that is necessary to produce the
18 approximate yield to maturity shown for bonds of the same
19 maturity.

20 (b) "State" means the State of Mississippi.

21 (c) "Commission" means the State Bond Commission.

22 (2) (a) The Mississippi Development Authority, at one time,
23 or from time to time, may declare by resolution the necessity for
24 issuance of general obligation bonds of the State of Mississippi
25 to provide funds for the grant program authorized in Section
26 57-1-18. Upon the adoption of a resolution by the Mississippi
27 Development Authority, declaring the necessity for the issuance of
28 any part or all of the general obligation bonds authorized by this
29 subsection, the Mississippi Development Authority shall deliver a
30 certified copy of its resolution or resolutions to the commission.

31 Upon receipt of such resolution, the commission, in its
32 discretion, may act as the issuing agent, prescribe the form of
33 the bonds, advertise for and accept bids, issue and sell the bonds
34 so authorized to be sold and do any and all other things necessary
35 and advisable in connection with the issuance and sale of such
36 bonds. The total amount of bonds issued under this section shall
37 not exceed Five Million Dollars (\$5,000,000.00). No bonds
38 authorized under this section shall be issued after July 1, 2011.

39 (b) The proceeds of bonds issued pursuant to this
40 section shall be deposited into the Small Municipalities and
41 Limited Population Counties Fund created pursuant to Section
42 57-1-18. Any investment earnings on bonds issued pursuant to this
43 section shall be used to pay debt service on bonds issued under
44 this section, in accordance with the proceedings authorizing
45 issuance of such bonds.

46 (3) The principal of and interest on the bonds authorized
47 under this section shall be payable in the manner provided in this
48 subsection. Such bonds shall bear such date or dates, be in such
49 denomination or denominations, bear interest at such rate or rates
50 (not to exceed the limits set forth in Section 75-17-101,
51 Mississippi Code of 1972), be payable at such place or places
52 within or without the State of Mississippi, shall mature
53 absolutely at such time or times not to exceed twenty-five (25)
54 years from date of issue, be redeemable before maturity at such
55 time or times and upon such terms, with or without premium, shall
56 bear such registration privileges, and shall be substantially in
57 such form, all as shall be determined by resolution of the
58 commission.

59 (4) The bonds authorized by this section shall be signed by
60 the chairman of the commission, or by his facsimile signature, and
61 the official seal of the commission shall be affixed thereto,
62 attested by the secretary of the commission. The interest
63 coupons, if any, to be attached to such bonds may be executed by

64 the facsimile signatures of such officers. Whenever any such
65 bonds shall have been signed by the officials designated to sign
66 the bonds who were in office at the time of such signing but who
67 may have ceased to be such officers before the sale and delivery
68 of such bonds, or who may not have been in office on the date such
69 bonds may bear, the signatures of such officers upon such bonds
70 and coupons shall nevertheless be valid and sufficient for all
71 purposes and have the same effect as if the person so officially
72 signing such bonds had remained in office until their delivery to
73 the purchaser, or had been in office on the date such bonds may
74 bear. However, notwithstanding anything herein to the contrary,
75 such bonds may be issued as provided in the Registered Bond Act of
76 the State of Mississippi.

77 (5) All bonds and interest coupons issued under the
78 provisions of this section have all the qualities and incidents of
79 negotiable instruments under the provisions of the Uniform
80 Commercial Code, and in exercising the powers granted by this
81 section, the commission shall not be required to and need not
82 comply with the provisions of the Uniform Commercial Code.

83 (6) The commission shall act as the issuing agent for the
84 bonds authorized under this section, prescribe the form of the
85 bonds, advertise for and accept bids, issue and sell the bonds so
86 authorized to be sold, pay all fees and costs incurred in such
87 issuance and sale, and do any and all other things necessary and
88 advisable in connection with the issuance and sale of such bonds.
89 The commission is authorized and empowered to pay the costs that
90 are incident to the sale, issuance and delivery of the bonds
91 authorized under this section from the proceeds derived from the
92 sale of such bonds. The commission shall sell such bonds on
93 sealed bids at public sale, and for such price as it may determine
94 to be for the best interest of the State of Mississippi, but no
95 such sale shall be made at a price less than par plus accrued
96 interest to the date of delivery of the bonds to the purchaser.

97 All interest accruing on such bonds so issued shall be payable
98 semiannually or annually; however, the first interest payment may
99 be for any period of not more than one (1) year.

100 Notice of the sale of any such bonds shall be published at
101 least one time, not less than ten (10) days before the date of
102 sale, and shall be so published in one or more newspapers
103 published or having a general circulation in the City of Jackson,
104 Mississippi, and in one or more other newspapers or financial
105 journals with a national circulation, to be selected by the
106 commission.

107 The commission, when issuing any bonds under the authority of
108 this section, may provide that bonds, at the option of the State
109 of Mississippi, may be called in for payment and redemption at the
110 call price named therein and accrued interest on such date or
111 dates named therein.

112 (7) The bonds issued under the provisions of this section
113 are general obligations of the State of Mississippi, and for the
114 payment thereof the full faith and credit of the State of
115 Mississippi is irrevocably pledged. If the funds appropriated by
116 the Legislature are insufficient to pay the principal of and the
117 interest on such bonds as they become due, then the deficiency
118 shall be paid by the State Treasurer from any funds in the State
119 Treasury not otherwise appropriated. All such bonds shall contain
120 recitals on their faces substantially covering the provisions of
121 this subsection.

122 (8) Upon the issuance and sale of bonds under the provisions
123 of this section, the commission shall transfer the proceeds of any
124 such sale or sales to the Small Municipalities and Limited
125 Population Counties Fund created in Section 57-1-18. The proceeds
126 of such bonds shall be disbursed solely upon the order of the
127 Mississippi Development Authority under such restrictions, if any,
128 as may be contained in the resolution providing for the issuance
129 of the bonds.

130 (9) The bonds authorized under this section may be issued
131 without any other proceedings or the happening of any other
132 conditions or things other than those proceedings, conditions and
133 things which are specified or required by this section. Any
134 resolution providing for the issuance of bonds under the
135 provisions of this section shall become effective immediately upon
136 its adoption by the commission, and any such resolution may be
137 adopted at any regular or special meeting of the commission by a
138 majority of its members.

139 (10) The bonds authorized under the authority of this
140 section may be validated in the Chancery Court of the First
141 Judicial District of Hinds County, Mississippi, in the manner and
142 with the force and effect provided by Chapter 13, Title 31,
143 Mississippi Code of 1972, for the validation of county, municipal,
144 school district and other bonds. The notice to taxpayers required
145 by such statutes shall be published in a newspaper published or
146 having a general circulation in the City of Jackson, Mississippi.

147 (11) Any holder of bonds issued under the provisions of this
148 section or of any of the interest coupons pertaining thereto may,
149 either at law or in equity, by suit, action, mandamus or other
150 proceeding, protect and enforce any and all rights granted under
151 this section, or under such resolution, and may enforce and compel
152 performance of all duties required by this section to be
153 performed, in order to provide for the payment of bonds and
154 interest thereon.

155 (12) All bonds issued under the provisions of this section
156 shall be legal investments for trustees and other fiduciaries, and
157 for savings banks, trust companies and insurance companies
158 organized under the laws of the State of Mississippi, and such
159 bonds shall be legal securities which may be deposited with and
160 shall be received by all public officers and bodies of this state
161 and all municipalities and political subdivisions for the purpose
162 of securing the deposit of public funds.

163 (13) Bonds issued under the provisions of this section and
164 income therefrom shall be exempt from all taxation in the State of
165 Mississippi.

166 (14) The proceeds of the bonds issued under this section
167 shall be used solely for the purposes therein provided, including
168 the costs incident to the issuance and sale of such bonds.

169 (15) The State Treasurer is authorized, without further
170 process of law, to certify to the Department of Finance and
171 Administration the necessity for warrants, and the Department of
172 Finance and Administration is authorized and directed to issue
173 such warrants, in such amounts as may be necessary to pay when due
174 the principal of, premium, if any, and interest on, or the
175 accreted value of, all bonds issued under this section; and the
176 State Treasurer shall forward the necessary amount to the
177 designated place or places of payment of such bonds in ample time
178 to discharge such bonds, or the interest thereon, on the due dates
179 thereof.

180 (16) This section shall be deemed to be full and complete
181 authority for the exercise of the powers therein granted, but this
182 section shall not be deemed to repeal or to be in derogation of
183 any existing law of this state.

184 **SECTION 2.** Section 57-1-18, Mississippi Code of 1972, is
185 amended as follows:

186 57-1-18. (1) For the purposes of this section, the
187 following terms shall have the meanings ascribed in this section
188 unless the context clearly indicates otherwise:

189 (a) "Limited population county" means a county in the
190 State of Mississippi with a population of thirty thousand (30,000)
191 or less according to the most recent federal decennial census at
192 the time the county submits its application to the MDA under this
193 section.

194 (b) "MDA" means the Mississippi Development Authority.

195 (c) "Project" means highways, streets and other
196 roadways, bridges, sidewalks, utilities, airfields, airports,
197 acquisition of equipment, acquisition of real property,
198 development of real property, improvements to real property, and
199 any other project approved by the MDA.

200 (d) "Small municipality" means a municipality in the
201 State of Mississippi with a population of ten thousand (10,000) or
202 less according to the most recent federal decennial census at the
203 time the municipality submits its application to the MDA under
204 this section.

205 (2) (a) There is hereby created in the State Treasury a
206 special fund to be designated as the "Small Municipalities and
207 Limited Population Counties Fund," which shall consist of funds
208 appropriated or otherwise made available by the Legislature in any
209 manner and funds from any other source designated for deposit into
210 such fund. Unexpended amounts remaining in the fund at the end of
211 a fiscal year shall not lapse into the State General Fund, and any
212 investment earnings or interest earned on amounts in the fund
213 shall be deposited to the credit of the fund. Monies in the fund
214 shall be used to make grants to small municipalities and limited
215 population counties or natural gas districts created by law and
216 contained therein to assist in completing projects under this
217 section.

218 (b) Monies in the fund which are derived from proceeds
219 of bonds issued under Sections 1 through 16 of Chapter 538, Laws
220 of 2002, Sections 1 through 16 of Chapter 508, Laws of 2003,
221 Sections 55 through 70 of Chapter 1, Laws of 2004 Third
222 Extraordinary Session, Sections 1 through 16 of Chapter 482, Laws
223 of 2006, or Section 1 of Senate Bill No. 3171, 2007 Regular
224 Session, may be used to reimburse reasonable actual and necessary
225 costs incurred by the MDA in providing assistance related to a
226 project for which funding is provided under this section from the
227 use of proceeds of such bonds. An accounting of actual costs

228 incurred for which reimbursement is sought shall be maintained for
229 each project by the MDA. Reimbursement of reasonable actual and
230 necessary costs for a project shall not exceed three percent (3%)
231 of the proceeds of bonds issued for such project. Monies
232 authorized for a particular project may not be used to reimburse
233 administrative costs for unrelated projects. Reimbursements under
234 this subsection shall satisfy any applicable federal tax law
235 requirements.

236 (3) The MDA shall establish a grant program to make grants
237 to small municipalities and limited population counties from the
238 Small Municipalities and Limited Population Counties Fund. Grants
239 made under this section to a small municipality or a limited
240 population county shall not exceed Two Hundred Fifty Thousand
241 Dollars (\$250,000.00) during any grant period established by the
242 MDA. A small municipality or limited population county may apply
243 to the MDA for a grant under this section in the manner provided
244 for in this section.

245 (4) A small municipality or limited population county
246 desiring assistance under this section must submit an application
247 to the MDA. The application must include a description of the
248 project for which assistance is requested, the cost of the project
249 for which assistance is requested, the amount of assistance
250 requested and any other information required by the MDA.

251 (5) The MDA shall have all powers necessary to implement and
252 administer the program established under this section, and the
253 department shall promulgate rules and regulations, in accordance
254 with the Mississippi Administrative Procedures Law, necessary for
255 the implementation of this section.

256 (6) The MDA shall file an annual report with the Governor,
257 Secretary of the Senate and the Clerk of the House of
258 Representatives not later than December 1 of each year, describing
259 all assistance provided under this section.

260 **SECTION 3.** This act shall take effect and be in force from
261 and after its passage.